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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 10, 2015

Brian T. Dolan
Basin Perlite Company
c/o RCF Management LLC
1400 16th Street Suite 200
Denver, Colorado 80202

Subject: Partial Release of Reclaimed Area, Basin Perlite Company, Pearl Queen Perlite Mine, M/001/0027, Beaver County, Utah

Dear Mr. Dolan:

A recent version of this letter directed to you was returned as undeliverable, and so we are sending this current copy. Also enclosed is a copy of a letter to Wells Fargo Bank that authorizes a partial release of the reclamation surety.

The Division of Oil, Gas and Mining hereby releases Basin Perlite Company from further reclamation responsibility for the following areas of the Pearl Queen Perlite mine. The enclosed map from a November 24, 2009, surety release request will help identify the areas being released and those being retained.

The following reclamation is acceptable:

- Regrading of the Schoo pit on BLM land, determined by BLM to be 10 acres, not the 12 identified in blue on the map. (BLM has indicated that the flat turnaround area at the end of the road will not need to be reclaimed.)
- Regrading of the access road to the Pearl Queen pit on Trust Lands, shown as 0.75 acres in yellow on the map.
- Revegetation of the Pearl Queen pit and dumps, shown in red on the map.

The following reclamation activities have not yet been completed:

- Regrading and revegetation of the angle-of-repose north-facing dump on Trust Lands, as shown in the approved plan and on the enclosed map as 1.5 acres in yellow. This north-facing dump is currently experiencing minor erosion, and the



associated reclamation surety will not be released until either regrading occurs or the Division is confident that sediment from this area is adequately controlled. For more information, refer to detailed inspection reports that were recently sent to your office.

- Revegetation of the regraded Schoo pit on BLM lands and the regraded access road on Trust Lands. It appears that revegetation in these areas will not be successful without additional revegetation work. Cheatgrass was the dominant species present on many recently regraded areas during a May 12, 2015, inspection. The Division recommends that the site be roughened (ripped on the contour if a dozer is on-site) followed immediately by re-seeding during the late fall or early winter of 2015. Cheatgrass control can be very difficult, and the Division recommends that you use an herbicide, such as imazapic which is sold under the trade name Plateau. Please contact the Division for more details.

The Division of Oil, Gas and Mining received a request on July 30, 2014, for a partial release of acreage that has been reclaimed at the Pearl Queen Perlite mine. Inspection of the reclaimed areas found that the reclamation standards have been met for the areas specified.

The Division has received concurrence from the BLM and the Trust Lands Administration for release of reclaimed areas on their lands and reduction in the surety amount to \$25,000. The Division is authorizing Wells Fargo Bank to reduce the principal in the reclamation surety, a certificate of deposit, to no less than \$25,000.

These amounts were determined by applying the Division's average cost per acre bond amounts to the remaining acres needing reclamation, as follows:

Pearl Queen area (Trust Lands):

1 st acre @ \$8,000/acre	= \$8,000 (north dump grading, incl. mob/demob)
1 additional acre @ \$5,000/acre	= \$5,000 (north dump grading)
1 acre @ \$1,000/acre	= \$1,000 (revegetation of graded road)
Total	= \$14,000

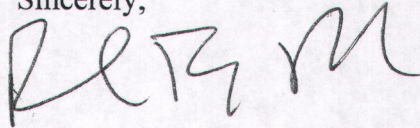
Schoo area (BLM):

1 mob/demob @ \$1,000	= \$1,000 (revegetation equipment)
10 acres @ \$1,000/acre	= \$10,000 (revegetation of graded pit, etc)
Total	= \$11,000

Page 3 of 3
Brian Dolan
M/001/0027
July 10, 2015

Thank you for your patience with the Division's reply to your original bond release request. Please contact Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have questions or concerns regarding this letter. In response, please reference our file number M/001/0027.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Baker' with a stylized flourish at the end.

Paul B. Baker
Minerals Program Manager

PBB: pnb: eb

Enclosed: Copy of June 22, 2015 partial release authorization letter
Map from November 24, 2009, surety release request

cc: Tim Mosely, Basin Perlite c/o RCF Management LLC, 1400 16th Street Suite 200, Denver, Colorado 80202
Andrea Antillon, Resource Capital Funds; aantillon@rcflp.com
O. Jay Gatten & Oren S. Gatten (current lessees), 150 E. 600 N., #12, Kaysville, Utah 84037
John Blake, SITLA (ML 3092); jblake@utah.gov
Ed Ginouves, BLM (UTU-80276); eginouve@blm.gov

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